

Accounting II

(ACC II)

4522

Accounting II is an advanced-level business course that builds upon the Generally Accepted Accounting Principles (GAAP) and procedures learned in Accounting I. Emphasis is placed on managerial decisions made in corporate accounting, including in-depth analysis of financial statements. The importance of making ethical business decisions is emphasized. Instructional strategies must include the use of spreadsheets, word processing, and accounting software. Projects, simulations, case studies, and business experiences are used to apply accounting principles and produce appropriate financial reports.

- Recommended Grade Level: 11-12
- Required Prerequisites: Accounting I and Computer Applications
- Recommended Prerequisite: Algebra II
- Credits: A two-credit course over two semesters
- Counts as a Directed Elective or Elective for the General, Core 40, Core 40 with Academic Honors and Core 40 with Technical Honors diplomas
- A Career Academic Sequence, Career-Technical program, or Flex Credit course
- Course content standard/performance expectations and Indiana Academic Standards integrated at: <http://www.doe.in.gov/octe/bme/curriculum/contentstandards.htm>
- Teacher Requirements: <http://doe.in.gov/dps/licensing/assignmentcode>
- Career Clusters: Although Accounting may benefit all Indiana career clusters, it is a recommended component for several career pathways in the following career clusters:
 - Agriculture, Food & Natural Resources
 - Business, Management & Administration
 - Finance
 - Hospitality & Tourism
 - Marketing, Sales & Service
- Career pathway information: <http://www.doe.in.gov/octe/facs/CrrClstrGrid.html>

Course Content Standards and Performance Expectations

ACC II 1 Accounting Cycle

ACC II 1.1 Content Standard: Students understand and apply the various steps of the accounting cycle for corporations and comprehend the purpose of each step.

Performance Expectations

- ACC II 1.1.1** Apply Generally Accepted Accounting Principles (GAAP) and interpret the principles correctly.
- ACC II 1.1.2** Collect and verify source documents.
- ACC II 1.1.3** Analyze business transactions using source documents and interpret the effect on the accounting equation.
- ACC II 1.1.4** Journalize business transactions using special journal formats.
- ACC II 1.1.5** Prepare and use an 8 and/or 10-column worksheet.
- ACC II 1.1.6** Analyze and prepare adjusting entries, including accruals and deferrals.
- ACC II 1.1.7** Create, evaluate and analyze financial statements and describe the way each interrelates with the others.

- ACC II 1.1.8** Execute the closing process by journalizing and posting the closing entries and preparing the post-closing trial balance.
- ACC II 1.1.9** Demonstrate both manual and computerized accounting systems.

ACC II 2 Accounting Process

ACC II 2.1 Content Standard: Students use Generally Accepted Accounting Principles (GAAP) to determine the value of assets, liabilities, stockholder's equity, revenues, and expenses.

Assets

Performance Expectations

- ACC II 2.1.1** Differentiate current and long-term assets and analyze their effect on financial statements.
- ACC II 2.1.2** Identify and apply cash control techniques.
- ACC II 2.1.3** Apply appropriate accounting techniques for uncollectible accounts.
- ACC II 2.1.4** Explain the purpose of notes receivable; establish, calculate, and maintain records for receivables and related interest.
- ACC II 2.1.5** Compare and contrast inventory and costing procedures.
- ACC II 2.1.6** Apply appropriate accounting concepts and techniques for acquisition, depreciation, depletion, and disposal of assets.
- ACC II 2.1.7** Explain, compare, and analyze various depreciation methods and their effect on the value of assets.
- ACC II 2.1.8** Demonstrate both manual and computerized accounting systems for assets.

Advanced Performance Expectations

- ACC II 2.1.9** Explain the effect of changes in foreign exchange rates on the value of assets.
- ACC II 2.1.10** Define intangible assets and account for their acquisition, amortization, and disposal.
- ACC II 2.1.11** Define and identify short-term and long-term investments and the accounting concepts related to them.
- ACC II 2.1.12** Compare and contrast the cost basis and fair market value of assets.

Liabilities

Performance Expectations

- ACC II 2.1.13** Differentiate current and long-term liabilities and analyze their effect on financial statements.
- ACC II 2.1.14** Explain the purpose of notes payable; establish, calculate, and maintain records for payables and related interest.
- ACC II 2.1.15** Apply Generally Accepted Accounting Principles (GAAP) and techniques to analyze and record the issuance, amortization, and retirement of bonds.
- ACC II 2.1.16** Analyze and record mortgage and lease obligations.
- ACC II 2.1.17** Demonstrate both manual and computerized accounting systems for liabilities.

Advanced Performance Expectations

- ACC II 2.1.18** Explain the effect of changes in foreign exchange rates on the value of liabilities.
- ACC II 2.1.19** Define contingent liabilities.
- ACC II 2.1.20** Use straight-line and effective interest amortization methods to compute for bond premiums and discounts.

Stockholder's Equity

Performance Expectations

- ACC II 2.1.21** Explain the purpose of the following accounts for a corporation: common stock, preferred stock, paid-in capital, retained earnings, and dividends.
- ACC II 2.1.22** Analyze and record investments by stockholders and the declaration and payment of dividends for a corporation.
- ACC II 2.1.23** Differentiate between stockholders' equity and retained earnings for corporations.
- ACC II 2.1.24** Demonstrate both manual and computerized accounting systems for stockholder's equity.

Revenues

Performance Expectations

- ACC II 2.1.25** Differentiate the effects of revenue on financial statements.
- ACC II 2.1.26** Determine procedures for cash basis versus accrual methods.
- ACC II 2.1.27** Demonstrate both manual and computerized accounting systems for revenues.

Expenses

Performance Expectations

- ACC II 2.1.28** Differentiate between cost of sales and general operating expenses.
- ACC II 2.1.29** Compare and contrast transactions recorded as assets versus expense, such as supplies inventory/supplies expense.
- ACC II 2.1.30** Discuss year-end cut-offs for expenses.
- ACC II 2.1.31** Demonstrate both manual and computerized accounting systems for expenses.

ACC II 3 Financial Statements

ACC II 3.1 Content Standard: Students create, interpret, and analyze end-of-fiscal-period activities and financial statements for corporations.

Performance Expectations

- ACC II 3.1.1** Create financial statements for corporations in advanced formats.
- ACC II 3.1.2** Evaluate financial statements using horizontal analysis, vertical analysis, and commonly used financial ratios.
- ACC II 3.1.3** Generate all necessary year-end journal entries.
- ACC II 3.1.4** Evaluate the effect of changes in operating procedures, accounting methods, and estimates on the financial statements and ratios using software.
- ACC II 3.1.5** Use software to generate charts and graphs to analyze the financial condition of the business.
- ACC II 3.1.6** Discuss the importance of integrity, confidentiality, and high ethical standards in the preparation of financial statements.
- ACC II 3.1.7** Compare and contrast financial statements of corporations using a variety of sources.
- ACC II 3.1.8** Discuss the three basic types of business activities—operating, investing, and financing.
- ACC II 3.1.9** Generate statements of cash flow using the direct and indirect methods.
- ACC II 3.1.10** Demonstrate both manual and computerized accounting systems for preparing financial statements.

Advanced Performance Expectations

ACC II 3.1.11 Produce horizontal and vertical analyses and compute appropriate ratios to evaluate solvency and earning power.

ACC II 3.1.12 Discuss and analyze the inherent limitations of the historical cost accounting model when interpreting financial statements prepared during periods of changing prices.

ACC II 4 Special Topics

ACC II 4.1 Content Standard: Students apply appropriate accounting principles to various forms of ownership, payroll, income taxation, international accounting, and managerial accounting systems.

Forms of Ownership

Performance Expectations

ACC II 4.1.1 Compare and contrast the advantages and disadvantages of corporations.

ACC II 4.1.2 Apply appropriate accounting techniques for the formation, allocation and distribution of earnings, and dissolution of corporations.

ACC II 4.1.3 Discuss appropriate Generally Accepted Accounting Principles (GAAP) for government and not-for-profit entities.

ACC II 4.1.4 Analyze stock performance and market fluctuations in a market economy.

Payroll

Performance Expectations

ACC II 4.1.5 Generate and maintain employee and employer payroll records using computerized systems.

ACC II 4.1.6 Analyze the effects of payroll taxes for a corporation.

ACC II 4.1.7 Prepare federal, state, and local government payroll reports.

Income Taxation

Advanced Performance Expectations

ACC II 4.1.8 Differentiate between taxation at personal and business levels, including tax-planning strategies.

ACC II 4.1.9 Discuss how income tax law is formed.

ACC II 4.1.10 Research the basic differences between Generally Accepted Accounting Principles (GAAP) and tax law.

International Accounting

Advanced Performance Expectations

ACCII 4.1.11 Compare and contrast International Accounting Standards (IAS) with Generally Accepted Accounting Principles (GAAP).

Managerial Accounting Systems

Performance Expectations

ACC II 4.1.12 Explain the role of managerial accounting in the management process.

ACC II 4.1.13 Interpret and explain those costs and accounts that are unique to the manufacturing process.

ACC II 4.1.14 Discuss the cost flow concepts followed by a manufacturing business.

- ACC II 4.1.15** Apply job order costing procedures to compute the cost of manufactured products.
- ACC II 4.1.16** Prepare a schedule of cost of goods manufactured and explain its relationship to the income statement.
- ACC II 4.1.17** Describe the types of products and apply appropriate accounting concepts and procedures for job order and process costing systems.

ACC II 5 Interpretation and Use of Data

ACC II 5.1 Content Standard: Students use management accounting techniques to plan and evaluate the performance of an organization.

Planning and Control

Performance Expectations

- ACC II 5.1.1** Compare and contrast fixed, variable, and mixed costs.
- ACC II 5.1.2** Use cost-volume-profit and contribution margin analysis to plan operations.
- ACC II 5.1.3** Prepare a budget for planning purposes.
- ACC II 5.1.4** Prepare budget analysis using spreadsheet software.
- ACC II 5.1.5** Discuss auditing procedures for different types of business.
- ACC II 5.1.6** Discuss the importance of integrity, confidentiality, and high ethical standards in interpretation and use of data.

Advanced Performance Expectations

- ACC II 5.1.7** Analyze company performance by applying standard costing and variance analysis.

Decision Making

Advanced Performance Expectations

- ACC II 5.1.8** Apply differential analysis to make decisions.
- ACC II 5.1.9** Apply present value concepts to evaluate capital investment opportunities.

ACC II 6 Communication

ACC II 6.1 Content Standard: Students perform independent studies as a means to explore various careers in accounting/financial pathways and learn about the educational and experience requirements of each.

Performance Expectation

- ACC II 6.1.1** Research the employment opportunities for accountants and CPAs in business, industry, public practice, education, government, and not-for-profit professions.
- ACC II 6.1.2** Investigate and understand the state and national educational and licensing requirements, including the CPA exam, for careers in the business and finance professions.

ACC II 6.1 Content Standard: Students read, interpret, and report financial information.

Performance Expectation

- ACC II 6.2.1** Read and interpret financial statements.
- ACC II 6.2.2** Write summaries of financial decisions.
- ACC II 6.2.3** Present summaries for decisions.
- ACC II 6.2.4** Use appropriate industry terminology.

Indiana's Academic Standards Integrated into Accounting II

English/Language Arts

Standard 2

READING: Comprehension

- 11.2.3 Verify and clarify facts presented in several types of expository texts by using a variety of consumer, workplace, and public documents.
- 12.2.3 Verify and clarify facts presented in several types of expository texts by using a variety of consumer, workplace, public, and historical documents.

Standard 4

WRITING: Process

- 11.4.1 Discuss ideas for writing with classmates, teachers, and other writers.
- 11.4.4 Structure ideas and arguments in a sustained and persuasive way and support them with precise and relevant examples.
- 11.4.7 Develop presentations by using clear research questions and creative and critical research strategies, such as field studies, oral histories, interviews, experiments, and Internet sources.
- 11.4.9 Use a computer to integrate databases, pictures and graphics, and spreadsheets into word-processed documents.
- 11.4.10 Review, evaluate, and revise writing for meaning, clarity, achievement of purpose, and mechanics.
- 11.4.11 Edit and proofread one's own writing, as well as that of others, using an editing checklist.
- 12.4.1 Engage in conversations with peers and the teacher to plan writing, to evaluate how well writing achieves its purposes, and to explain personal reaction to the task.
- 12.4.7 Develop presentations by using clear research questions and creative and critical research strategies, such as field studies, oral histories, interviews, experiments, and Internet sources.
- 12.4.9 Use technology for all aspects of creating, revising, editing, and publishing.
- 12.4.11 Revise, edit, and proofread one's own writing, as well as that of others, using an editing checklist.

Standard 5

WRITING: Applications

- 11.5.4 Write historical investigation reports that:
 - use exposition, narration, description, argumentation, or some combination of rhetorical strategies to support the main argument.
 - analyze several historical records of a single event, examining critical relationships between elements of the topic.
 - explain the perceived reason or reasons for the similarities and differences in historical records with information derived from primary and secondary sources to support or enhance the presentation.
 - include information from all relevant perspectives and take into consideration the validity and reliability of sources.
 - include a formal bibliography.
- 11.5.5 Write job applications and résumés that:
 - provide clear and purposeful information and address the intended audience appropriately.
 - use varied levels, patterns, and types of language to achieve intended effects and aid comprehension.
 - modify the tone to fit the purpose and audience.

- follow the conventional style for that type of document (a résumé or cover letter of application) and use page formats, fonts (typeface), and spacing that contribute to the readability and impact of the document.
- 11.5.6 Use varied and extended vocabulary, appropriate for specific forms and topics.
- 11.5.7 Use precise technical or scientific language when appropriate for topic and audience.
- 11.5.8 Deliver multimedia presentations that:
- combine text, images, and sound and draw information from many sources, including television broadcasts, videos, films, newspapers, magazines, CD-ROMs, the Internet, and electronic media-generated images.
 - select an appropriate medium for each element of the presentation.
 - use the selected media skillfully, editing appropriately, and monitoring for quality.
 - test the audience's response and revise the presentation accordingly.
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- use exposition, narration, description, argumentation, or some combination of rhetorical strategies to support the main argument.
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 - test the audience's response and revise the presentation accordingly.

Standard 7

LISTENING AND SPEAKING: Skills, Strategies, and Applications

- 11.7.1 Summarize a speaker's purpose and point of view and ask questions to draw interpretations of the speaker's content and attitude toward the subject.
- 11.7.6 Use effective and interesting language, including informal expressions for effect, Standard English for clarity, and technical language for specificity.
- 11.7.17 Deliver oral reports on historical investigations that:
- use exposition, narration, description, persuasion, or some combination of those to support the thesis (the position on the topic).
 - analyze several historical records of a single event, examining each perspective on the event.
 - describe similarities and differences between research sources, using information derived from primary and secondary sources to support the presentation.
 - include information on all relevant perspectives and consider the validity (accuracy and truthfulness) and reliability (consistency) of sources.

11.7.19 Deliver multimedia presentations that:

- combine text, images, and sound by incorporating information from a wide range of media, including films, newspapers, magazines, CD-ROMs, online information, television, videos, and electronic media-generated images.
- select an appropriate medium for each element of the presentation.
- use the selected media skillfully, editing appropriately and monitoring for quality.
- test the audience's response and revise the presentation accordingly.

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- use the selected media skillfully, editing appropriately, and monitoring for quality.
- test the audience's response and revise the presentation accordingly.

Algebra I

A1.2 Linear Equations and Inequalities

A1.2.6 Solve word problems that involve linear equations, formulas, and inequalities.

A1.7 Algebraic Fractions

A1.7.1 Simplify algebraic ratios.

A1.9 Mathematical Reasoning and Problem Solving

A1.9.1 Use a variety of problem solving strategies, such as drawing a diagram, making a chart, guess-and-check, solving a simpler problem, writing an equation, and working backwards.

Algebra II

A2.1 Relations and Functions

A2.1.8 Interpret given situations as functions in graphs, formulas, and words.

A2.6 Algebraic Fractions

A2.6.2 Add, subtract, multiply, divide, and simplify algebraic fractions.

A2.6.4 Solve equations involving algebraic fractions.

A2.6.5 Solve word problems involving fractional equations.

A2.10 Mathematical Reasoning and Problem Solving

A2.10.1 Use a variety of problem-solving strategies, such as drawing a diagram, guess-and-check, solving a simpler problem, writing an equation, and working backwards.

Pre-Calculus

PC.1 Relations and Functions

PC.1.3 Model and solve word problems using functions and equations.

PC.9 Mathematical Reasoning and Problem Solving

PC.9.1 Use a variety of problem-solving strategies, such as drawing a diagram, guess-and-check, solving a simpler problem, examining simpler problems, and working backwards.

PC.9.2 Decide whether a solution is reasonable in the context of the original situation.

Economics

E.1 Scarcity and Economic Reasoning

E.1.6 Recognize that voluntary exchange occurs when all participating parties expect to gain.

E.2 Supply and Demand

E.2.1 Define supply and demand.

E.2.2 Identify factors that cause changes in market supply and demand.

E.2.5 Recognize that consumers ultimately determine what is produced in a market economy (consumer sovereignty).

E.2.8 Demonstrate how changes in supply and demand influence equilibrium price and quantity in the product, resource, and financial markets.

E.2.13 Explain how financial markets, such as the stock market, channel funds from savers to investors.

E.3 Market Structures

E.3.1 Compare and contrast the following forms of business organization: sole proprietorship, partnership, and corporation.

E.3.2 Identify the three basic ways that firms finance operations (retained earnings, stock issues, and borrowing), and explain the advantages and disadvantages of each.

E.3.3 Recognize that economic institutions, such as labor unions, non-profit organizations, and cooperatives evolve in market economies to help individuals accomplish their goals.

E.3.6 Demonstrate how firms determine price and output through marginal analysis.

E.4 The Role of Government

E.4.1 Explain the basic functions of government in a market economy.

E.4.3 Describe major revenue and expenditure categories and their respective proportions of local, state, and federal budgets.

E.4.4 Explore the ways that tax revenue is used in the community.

E.4.5 Identify taxes paid by students.

E.6 Money and the Role of Financial Institutions

E.6.5 Compare and contrast credit, savings, and investment services available to the consumer from financial institutions.

E.6.7 Research and monitor financial investments, such as stocks, bonds, and mutual funds.